

heart and soul of the Democratic caucus.

Last year's tax cut legislation carried the support of over one-fourth of the Democratic caucus. Although the tax relief has been defined by its harshest critics in terms of its budget effects, it's important to look behind the numbers and consider what this legislation means to the American people.

Before I get to that point, however, I want to make clear that those of us who support bipartisan tax relief and accelerating reduction of the 27 percent rate do not agree with a fundamental premise of Senator KENNEDY's proposal.

Senator KENNEDY and the Democrat leadership are arguing that the budget effects of the bipartisan tax relief deny the Congress and the President the resources to tackle other domestic priorities such as a prescription drug benefit for Medicare, Social Security reform, and education reform. This argument, however, is based on a couple of critical assumptions with which I disagree.

The first assumption is that the tax relief measures beyond 2004 will have no effect on the growth of our economy.

So, for instance, bringing the top tax rate for successful small businesses to a level equal to that of America's largest corporations at 35 percent is assumed to have no effect on the economy. That assumption flies in the face of economic theory and more importantly, the anecdotal evidence I gathered from some small business folks in Iowa. From my vantage point, the best way to bolster Federal revenues is to put policies in place to grow the economy.

The second assumption is that the only way to approach Federal budget policy is to maintain record levels of Federal taxation on the American people. That view is reflected in the chart behind me.

Senator KENNEDY's proposal assumes even higher taxes are necessary to address all of our priorities. So in facing budget choices, Federal spending goes unchecked.

The assumption is there are no savings to be made on the spending side of the ledger. Implicit in this assumption is growth in both federal revenue and Federal spending as a share of our economy is a desirable objective.

To a certain extent, the proposal that Senator KENNEDY and the Democratic leadership have put forward is a reversal of their previous support for significant tax relief.

Last year, Senate Democrats proposed a tax cut of about \$1.26 trillion. That compares with a bipartisan tax cut that we enacted that came out at \$1.35 trillion.

Their proposal was only about 6.7 percent less than the cut that was enacted. To hear the Democratic budget people describe it, however, you would believe it was a 67 percent difference.

Keep in mind that 48 of 49 Democrats, including Senator KENNEDY, supported their alternative.

Now, I know that despite votes for long-term tax relief, many of the opponents of the bipartisan tax relief now think that we should keep the rebate and repeal the long-term tax relief.

Nothing could be worse for a slumping economy.

Do we really want to send a signal to workers, investors, and business people that their taxes are going to go up? Even if the Democrats are talking about a repeal that takes effect in 2005, higher taxes in the future are higher taxes.

If the Democrats believe that the only way to solve our budget problems is to raise taxes, instead of reducing spending, what will they do to make up the difference?

Let's start with the basis for the rebate. That is, the new 10 percent bracket. The revenue loss for this part of the package is \$421 billion over 10 years. It is the biggest tax cut in the bill, by the way. I can not believe or any other member of the Senate wants to dismantle that piece.

Where do we go next? The marginal tax rate cuts lose almost \$421 billion over 10 years. It appears some folks think 35 percent is too low a top rate. Well, guess what. As I alluded to above, repealing the marginal rate cuts hits small business, the biggest job generator in our economy, the hardest.

According to the Treasury Department, small business gets about 80 percent of the benefits of the cut in the marginal rates. Do we want to raise the tax rates of small businesses in a slumping economy? Does that make any sense?

Where do we go next? Do the opponents want to repeal the proposal to double the child tax credit? Or how about the refundable piece that helps 16 million kids and their families? That proposal loses \$172 billion over 10 years. Does the Democratic leadership really want to deny American families the increase in the child tax credit that kicks in, in 2005?

How about the death tax relief package? That package scores at \$138 billion over 10 years. Most of the revenue loss is attributable to increasing the exemption amount and dropping the rate to 45 percent on already taxed property. Is it unreasonable to provide additional relief from the death tax?

Let's take a look at the marriage penalty piece. It is the first marriage penalty relief we've delivered in over 30 years. This proposal scores at \$63 billion over 10 years. Again, I do not think many folks would want to raise taxes on folks because they decide to get married. Under Senator KENNEDY's proposal, most of the marriage tax relief would be eliminated.

Continuing on through the bipartisan tax relief package, let's take a look at the retirement security provisions. This package, which will help Americans save more for retirement, scores at \$50 billion over 10 years. With the aging of the baby boomers, does anyone really believe we should reduce incen-

tives for savings? Under Senator KENNEDY's proposal, workers who want to put an additional \$1,000 in an IRA or section 401(k) plan would lose that right beginning in 2005.

Finally, let's talk about education. The bipartisan tax relief package includes \$29 billion in tax incentives for higher education. In this era of rising higher education costs, should we gut tax benefits for families to send their kids off to college? Do the Democrats really want to cut back on these bipartisan investments in higher education?

Now, I have just gone through about \$1.3 trillion of tax relief. It sounds like a lot in abstraction, but it provides relief to every American who pays income tax. I would ask any of those who want to "adjust" or "restructure" the bipartisan tax relief, including the Democrat leadership, why would you cut the tax relief package?

I think the American people would like an answer to that question.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CORZINE). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATUS OF ECONOMIC STIMULUS

Mr. GRASSLEY. Mr. President, I think sometime tomorrow we are going to have some cloture votes. Who knows what happens after you are involved with cloture votes? I suppose it depends on how the cloture vote turns out. But it also depends somewhat on what the majority leader decides to do. I did not hear him this morning or this afternoon. It was suggested that if we don't get cloture, then we may go on to other legislation.

I want to speak procedurally, not so much on the substance of the underlying bill as I have done a couple of times this afternoon but about where we are and some of the irony of our being here; particularly, some of the irony about how some things are said and other things are done by the leaders who decide the agenda for the Senate. I will take a few minutes to talk about where we are on the economic stimulus bill before tomorrow's cloture vote.

The good news is that there is bipartisan recognition of the need to help unemployed workers with an extension of unemployment compensation. There is bipartisan agreement that recognizes the need to provide taxpayers with a payroll tax rebate so we are able to help stimulate consumer spending and create jobs. There is bipartisan recognition of the need to provide bonus depreciation. I suppose there are some others as well.

Kind of summing up in regard to that, there is kind of bipartisan agreement on the part of the Republicans for

what Democrats want in this area, but in areas where Republicans want to add some things there is not bipartisan agreement on the other side for those things.

That brings us to the bad news as a result of that situation. We are, in fact, stuck in a procedural quagmire. Yesterday the distinguished majority leader claimed that Republicans were slowing down the stimulus bill through filing of many amendments. I think it is a bit ironic today that we have amendments pending on which the majority leader seemingly does not want to vote. If he wanted to move this process to conclusion with a bill that the President has said he would sign, that could be done very easily. We could have a vote on that. There is bipartisan support for it. That bill would be down to the White House I believe faster than you could say Jack Robinson. Instead, the only votes that it seems we are going to be able to get are votes on dueling cloture motions. One vote will be on the majority leader's amendment. That vote is a take-it-or-leave-it vote, I believe.

I call upon all of my colleagues, Democrats and Republicans, to pay close attention. A vote for cloture tomorrow means all amendments offered or filed that have not received a vote will not get a vote. That is a very important point. A vote for cloture on the underlying amendment filed by the majority leader means all of the following amendments will not receive a vote. I will go through those.

Senator BUNNING, a foster care amendment; Senator BAUCUS, emergency agriculture funding; a second-degree amendment to that amendment by Senator KYL for permanent repeal of estate tax; Senator HATCH's amendment for a longer net operating loss carryback provision; Senator REID's amendment on travel and tourism; a second-degree amendment to that by Senator DORGAN on travel industry stabilization; and Senator DOMENICI on a payroll tax holiday, which is probably the most stimulative idea that has been presented to the Senate. We will not have an opportunity to vote on that. Senator DURBIN has an unemployment insurance amendment; Senator ALLARD, a research and development amendment, what we call permanent R&D; Senator LINCOLN, Medicaid Upper Payment Limit payments to hospitals; Senator SMITH of New Hampshire, an active duty waiver of IRA withdrawal penalty; Senator SMITH again, ban on interstate commuter taxes; Senator SMITH again, income tax waiver on tip income; Senator SMITH again, above-the-line deduction for real property taxes; Senator SESSIONS, tax incentives in regard to unemployment compensation; Senator MCCAIN, sale of principal residence for uniformed services, something our military people would benefit from very much; Senator KYL again, a repeat of his second-degree amendment which would be a permanent repeal of the estate tax; Senator THOMAS, small

issue bond provisions; and an amendment I have offered which will also have a cloture vote for the bipartisan White House-centrist package, the bill that I said has bipartisan support in the Senate. If we could get it up for a vote, we would have a bill down to the President and signed. It would be an enacted economic stimulus package faster than you can say Jack Robinson.

All of those amendments will not come to a vote if the cloture vote tomorrow on the Senate majority leader's motion carries.

We are in the mode of a lot of Senators trying to put together a bill that can get a majority vote in the Senate and go to conference. Some of these amendments have to be agreed to to get that kind of bipartisan support. If you do not get a chance to vote on them, how do you ever get to a bipartisan bill? It takes that sort of bipartisanship to get anything done in the Senate.

Let me make very clear that Members who vote for the cloture on that cloture motion, if they want to vote on these amendments, they will be foreclosed.

I said there is going to be another cloture vote tomorrow. It arose out of necessity—not a necessity that I like. But the majority leader forced a vote on the White House-centrist bipartisan amendment that I offered because of his own cloture motion.

The other cloture vote—in relation to the cloture motion I filed—will be on the White House-centrist agreement on stimulus. If cloture is invoked and that amendment passes, the President says that bill will be signed. The bill has already passed the House of Representatives.

That means, bottom line, the following things will happen when the President signs the bill—and there is little disagreement that these things ought to happen—workers will get unemployment checks. Low-income people, qualifying for rebates, will get rebates to spend money. Spending that money will create jobs. Middle-income taxpayers will get more income tax relief. Those who are unemployed for the first time will get help with their health care insurance. And business will get accelerated depreciation. By doing that—investing more, increasing productivity—it will increase the number of jobs.

That is what a stimulus package is all about—two things—one, responding to the needs and the anxiety of the unemployed workers through improved unemployment benefits and for the first time, health care benefits. Currently there are 800,000 of more workers who are unemployed because of September 11; and there is probably more unemployment to come. We are all encouraged that during January unemployment was flat, there was no increase in the rate—and helping those dislocated workers with additional unemployment benefits and with health insurance is greatly needed. The second

thing objective of the economic stimulus bill, in various ways, is to stimulate the economy to create jobs.

For those who say, "Maybe the economy is turning around; we don't need it," we at least have an insurance policy against the usual downtick that comes after you have been a few quarters into a recovery.

But if we want a strong economy, and a certainty of that strong economy, we are going to have to get a stimulus bill passed. So I hope tomorrow we have an opportunity not to have cloture on the underlying Daschle amendment and that we are able to then move towards a vote on the White House-centrist bipartisan package that has passed the House, has bipartisan support in the Senate, and the President has said he will sign.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. NICKLES. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PASSING A STIMULUS PACKAGE

Mr. NICKLES. Madam President, I regret to state to my colleagues it is pretty obvious the Democratic majority leader does not want to pass a stimulus package. We needed to amend the package. We have a lot of amendments that were pending and we have not had a vote all day. We had amendments this morning on which we were willing to vote, amendments this afternoon on which we were willing to vote. That was how we would work our way through and have a bill that would pass and go to conference.

Obviously, for some reason, the majority leader decided, no, he would file cloture, have cloture on his underlying proposal, which many Members believe falls far short of providing any stimulus. It provides a lot of spending. The majority leader's underlying proposal has spending for rebate, \$14 billion for people who did not pay taxes. They certainly did not pay any income tax or they would have gotten a tax cut last year. They may have paid payroll taxes, but likely they are available for an earned-income tax credit, and in many cases three or four times the payroll tax they paid. So basically, \$14 billion in welfare reform payments that many were trying to call a tax cut or rebate, but it was not a rebate.

There is another \$5 billion for an entitlement program for States, supposedly to help pay for health care costs, but it was in the form of an entitlement. So it would not be \$5 billion for 1 year, although it was sunsetted in 1 year, but in all likelihood will be continued indefinitely and probably cost more like \$50 or \$60 billion over 10 years.